

**70A-9a-320 Buyer of goods.**

- (1) Except as otherwise provided in Subsection (5), a buyer in ordinary course of business, other than a person buying farm products from a person engaged in farming operations, takes free of a security interest created by the buyer's seller, even if the security interest is perfected and the buyer knows of its existence.
- (2) Except as otherwise provided in Subsection (5), a buyer of goods from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer buys:
  - (a) without knowledge of the security interest;
  - (b) for value;
  - (c) primarily for the buyer's personal, family, or household purposes; and
  - (d) before the filing of a financing statement covering the goods.
- (3) To the extent that it affects the priority of a security interest over a buyer of goods under Subsection (2), the period of effectiveness of a filing made in the jurisdiction in which the seller is located is governed by Subsections 70A-9a-316(1) and (2).
- (4) A buyer in ordinary course of business buying oil, gas, or other minerals at the wellhead or minehead or after extraction takes free of an interest arising out of an encumbrance.
- (5) Subsections (1) and (2) do not affect a security interest in goods in the possession of the secured party under Section 70A-9a-313.
- (6)
  - (a) Notwithstanding Subsection (1), a secured party may not enforce a security interest in farm products against a buyer, commission merchant, or selling agent who purchases or sells farm products in the ordinary course of business from or for a person engaged in farming operations unless the secured party has complied with the rules issued by the Division of Corporations and Commercial Code under Subsection (6)(b).
  - (b) The Division of Corporations and Commercial Code shall issue the rules necessary to implement a central filing system that will conform to the requirements of the Food Security Act of 1985, P.L. 99-198, as now enacted or as it may be hereafter amended.

Enacted by Chapter 252, 2000 General Session